

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2007



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# OSKALOOSA COMMUNITY SCHOOL DISTRICT

## OFFICIALS

| <u>Name</u>  | <u>Title</u>   | <u>Term Expires</u> |
|--|----------------|---------------------|
| <b>Board of Education</b><br>(Before September, 2006 Election) |                |                     |
| David Meinert  | President      | 2007                |
| Don Patterson  | Vice President | 2008                |
| Doug Swim  | Board Member   | 2006                |
| Anne Whitis  | Board Member   | 2006                |
| Laurie Palmer  | Board Member   | 2007                |
| Bruce Smith  | Board Member   | 2007                |
| John Grahek  | Board Member   | 2008                |

## **Board of Education** (After September, 2006 Election)

|               |                |      |
|---------------|----------------|------|
| David Meinert | President      | 2007 |
| Don Patterson | Vice President | 2008 |
| Laurie Palmer | Board Member   | 2007 |
| Bruce Smith   | Board Member   | 2007 |
| John Grahek   | Board Member   | 2008 |
| Anne Whitis   | Board Member   | 2009 |
| Lin Yoder     | Board Member   | 2009 |

## **School Officials**

|                          |                              |            |
|--------------------------|------------------------------|------------|
| Dr. M. Carolyn McGaughey | Superintendent               | 2007       |
| Jake Roberts             | District Secretary/Treasurer | 2006*      |
| Chad Vink                | District Secretary/Treasurer | 2007       |
| Randy S. De Geest        | Attorney                     | Indefinite |

\*Retired December 31, 2006



### Independent Auditor's Report

To the Board of Education  
Oskaloosa Community School District  
Oskaloosa, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Oskaloosa Community School District at June 30, 2007, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 7, 2008 on our consideration of Oskaloosa Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 12 and 42 through 44 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oskaloosa Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2006 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Van Maanen & Associates, P.C.*

Van Maanen & Associates, P.C.  
Certified Public Accountants

January 7, 2008

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

This section of the Oskaloosa Community School District's comprehensive annual financial report presents the discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2007. The analysis focuses on the District's financial performance as a whole. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The Oskaloosa Community School District implemented new reporting standards for the 2003 fiscal year that involved significant changes in content and structure of the reports. Because of this change, the current reports can be more easily compared to the prior years. In future years, comparisons will become more meaningful and will go further in explaining the District's financial position and results of operations.

### **FINANCIAL HIGHLIGHTS**

The District has now fully completed all of the major construction, renovation, and repair projects planned for the last eight years. To finance these projects, the District issued capital loan notes in the amount of \$2,530,000 in 2002-2003, Local Option Sales and Services Tax Revenue Bonds totaling \$5,760,000 in 2002-2003, Local Option Sales Tax Bonds in the amount of \$13,140,000 in 2003-2004, and Local Option Sales Tax Bonds in the amount of \$1,910,000 in 2005. No additional bond issues are being considered at this time, and revenues in excess of the projected requirements have made repayments on these bonds predictable.

General Fund revenues decreased from \$19,438,620 in fiscal year 2006 to \$19,326,569 in 2007, while General Fund expenditures increased from \$19,806,597 in fiscal year 2006 to \$20,593,276 in 2007. This resulted in a decrease in the District's General Fund fund balance from \$1,718,313 in fiscal year 2006 to \$452,416 in 2007, a decrease of \$1,266,707.

The decrease in revenues was attributable to a decrease in property valuations, lag in Medicaid reimbursements, lower interest income, and lower Title I funding. The increase in expenditures was attributable to negotiated wage and benefit increases as well as the increased cost of providing special education services.

Interest income on investments for the General Fund for the last five fiscal years has been as follows: 2003 – \$35,355; 2004 – \$27,835; 2005 – \$65,690; 2006 – \$215,439; and 2007 – \$82,194.

### **OVERVIEW OF FINANCIAL STATEMENTS**

This report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District by reporting the District's operations in more detail than the government-wide statements.

The governmental funds statements explain how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

Proprietary funds statements offer short-term and long-term financial information about activities the District operates like businesses, such as food services.

Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

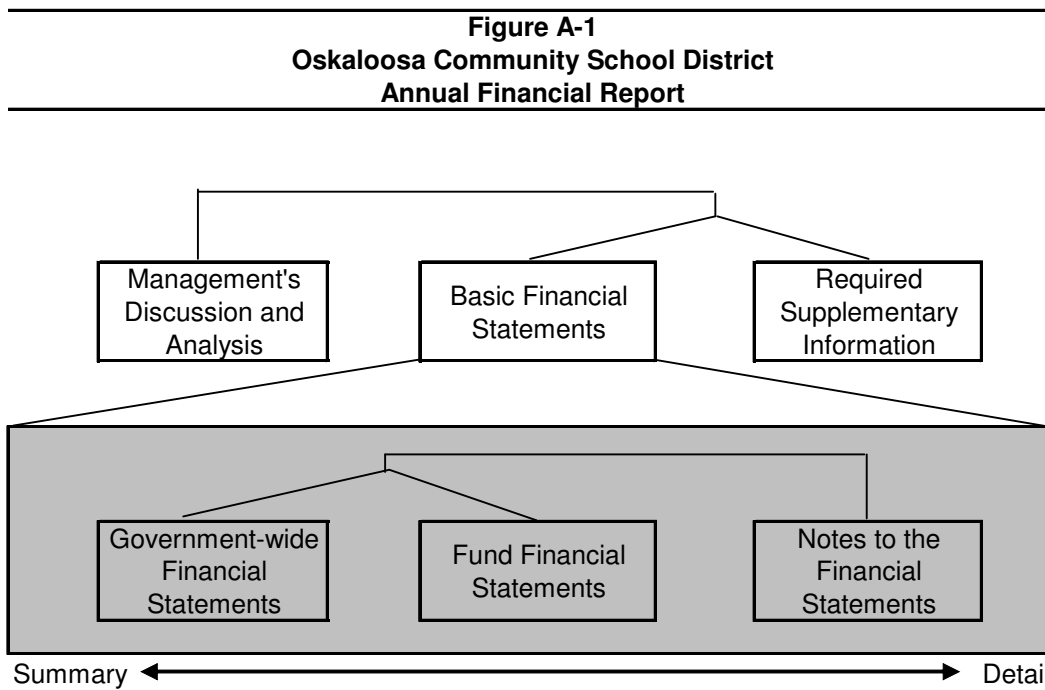




Figure A-2 summarizes the major features of the District's Financial Statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the Management's Discussion and Analysis highlights the structure and contents of each of the statements.

| <b>Figure A-2</b><br><b>Major Features of the Government-wide and Fund Financial Statements</b> |  |  |   |   |
|---|--|--|---|---|
|   | Government-wide Statements   | Fund Statements  |   |   |
|   |  | Governmental Funds   | Proprietary Funds   | Fiduciary Funds   |
| Scope   | Entire district (except fiduciary funds)   | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance   | Activities the district operates similar to private businesses: food services   | Instances in which the district administers resources on behalf of someone else, such as scholarship programs                                 |
| Required financial statements   | <ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>   | <ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul> |
| Accounting basis and measurement focus  | Accrual accounting and economic resources focus  | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus   | Accrual accounting and economic resources focus   |
| Type of asset/liability information   | All assets and liabilities, both financial and capital, short-term and long-term                               | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included  | All assets and liabilities, both financial and capital, and short-term and long-term  | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                   |
| Type of inflow/outflow information  | All revenues and expenses during year, regardless of when cash is received or paid                             | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid  | All additions and deductions during the year, regardless of when cash is received or paid   |

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating, respectively.

To assess the District's overall health, additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

*Governmental Activities:* Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

*Business Type Activities:* The District charges fees to help cover the costs of certain services it provides. The District's nutrition program would be included here.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds. Funds are accounting devices that districts use to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants.

The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds or to show that it is properly using certain revenues such as federal grants.

The District has three kinds of funds:

**Governmental Funds.** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, and Permanent Fund.

**Proprietary Funds.** Services for which the District charges a fee are generally reported in proprietary funds. These funds are reported in the same way as the Government-wide statements.

The Nutrition Fund and Student Farm Fund are the only proprietary funds that the District maintains.

**Fiduciary Funds.** The District is the trustee or fiduciary for the assets that belong to others such as scholarship funds.

The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the Government-wide financial statements because it cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

This is the fifth year of implementation of the new reporting model for the District. For this reason, comparative condensed financial statements are presented in Figure A-3.

| <b>Figure A-3</b><br><b>Condensed Statement of Net Assets</b><br><b>(Expressed in Thousands)</b> |                            |        |                             |      |                   |        |                 |
|--|----------------------------|--------|-----------------------------|------|-------------------|--------|-----------------|
|  | Governmental<br>Activities |        | Business type<br>Activities |      | Total<br>District |        | Total<br>Change |
|  | June 30,                   |        | June 30,                    |      | June 30,          |        | June 30,        |
|  | 2007                       | 2006   | 2007                        | 2006 | 2007              | 2006   | 2007-2006       |
| Current and other assets   | \$ 14,942                  | 15,580 | 38                          | 19   | 14,980            | 15,599 | -4.0%           |
| Capital assets   | 30,286                     | 31,047 | 234                         | 263  | 30,520            | 31,310 | -2.5%           |
| Total assets   | 45,228                     | 46,627 | 272                         | 282  | 45,500            | 46,909 | -3.0%           |
| Long-term liabilities  | 18,600                     | 20,400 | -                           | -    | 18,600            | 20,400 | -8.8%           |
| Other liabilities  | 9,825                      | 9,608  | 103                         | 70   | 9,928             | 9,678  | 2.6%            |
| Total liabilities  | 28,425                     | 30,008 | 103                         | 70   | 28,528            | 30,078 | -5.2%           |
| Net assets:  |                            |        |                             |      |                   |        |                 |
| Invested in capital assets,<br>net of related debt   | 16,358                     | 15,670 | 243                         | 263  | 16,601            | 15,933 | 4.2%            |
| Restricted   | 542                        | 228    | -                           | -    | 542               | 228    | 137.7%          |
| Unrestricted   | (97)                       | 721    | (74)                        | (51) | (171)             | 670    | -125.5%         |
| Total net assets   | \$ 16,803                  | 16,619 | 169                         | 212  | 16,972            | 16,831 | 0.8%            |

Figure A-4 shows the change in net assets for the year ended June 30, 2007.

| <b>Figure A-4</b><br><b>Changes in Net Assets</b><br><b>(Expressed in Thousands)</b> |                            |        |                             |      |                     |        |  |
|--|----------------------------|--------|-----------------------------|------|---------------------|--------|--|
|  | Governmental<br>Activities |        | Business type<br>Activities |      | Total<br>District   |        |  |
|  | Year ended June 30,        |        | Year ended June 30,         |      | Year ended June 30, |        |  |
|  | 2007                       | 2006   | 2007                        | 2006 | 2007                | 2006   |  |
| Revenues:  |                            |        |                             |      |                     |        |  |
| Program revenues:  |                            |        |                             |      |                     |        |  |
| Charges for service  | \$ 1,127                   | 1,078  | 498                         | 454  | 1,625               | 1,532  |  |
| Operating grants, contributions and restricted interest                              | 2,408                      | 2,355  | 398                         | 403  | 2,806               | 2,758  |  |
| Capital grants, contributions and restricted interest                                | -                          | -      | 1                           | -    | 1                   | -      |  |
| General revenues:  |                            |        |                             |      |                     |        |  |
| Property tax   | 7,248                      | 7,504  | -                           | -    | 7,248               | 7,504  |  |
| Local option sales and service tax   | 2,470                      | 2,608  | -                           | -    | 2,470               | 2,608  |  |
| Unrestricted state grants  | 9,638                      | 9,347  | -                           | -    | 9,638               | 9,347  |  |
| Unrestricted investment earnings   | 198                        | 320    | -                           | -    | 198                 | 320    |  |
| Other  | 386                        | 591    | -                           | -    | 386                 | 591    |  |
| Total revenues   | 23,475                     | 23,803 | 897                         | 857  | 24,372              | 24,660 |  |
| Program expenses:  |                            |        |                             |      |                     |        |  |
| Governmental activities:   |                            |        |                             |      |                     |        |  |
| Instruction  | 14,176                     | 13,302 | -                           | -    | 14,176              | 13,302 |  |
| Support services   | 6,883                      | 7,048  | -                           | -    | 6,883               | 7,048  |  |
| Non-instructional programs   | -                          | -      | 940                         | 918  | 940                 | 918    |  |
| Other expenses   | 2,232                      | 3,606  | -                           | -    | 2,232               | 3,606  |  |
| Total expenses   | 23,291                     | 23,956 | 940                         | 918  | 24,231              | 24,874 |  |
| Change in net assets   | \$ 184                     | (153)  | (43)                        | (61) | 141                 | (214)  |  |

## Governmental Activities

The revenues and other financing sources for governmental activities were \$23,474,503 and expenses were \$23,290,709.

Figure A-5 presents the total and net cost of the District's major governmental activities: instruction, support services, and other expenses.

| <b>Figure A-5</b>                                    |                                   |                                 |
|--|-----------------------------------|---------------------------------|
| <b>Total and Net Cost of Governmental Activities</b> |                                   |                                 |
| <b>(Expressed in Thousands)</b>                      |                                   |                                 |
|  | <b>Total Cost<br/>of Services</b> | <b>Net Cost<br/>of Services</b> |
| Instruction  | \$ 14,176                         | 11,467                          |
| Support services                                     | 6,883                             | 6,809                           |
| Other expenses                                       | 2,232                             | 1,480                           |
| Totals   | <u>\$ 23,291</u>                  | <u>19,756</u>                   |

- Federal and state governments subsidized certain programs with grants and contributions totaling \$2,408,065.
- The net cost of governmental activities was financed with \$9,717,780 in local property tax and local option sales and services taxes, \$9,638,293 in unrestricted state grants, and \$198,063 in interest on investments.
- The local option sales tax revenue was \$2,470,320.
- The revenues and expenses for the District's governmental activities decreased due to lower property tax and state aid income, as well as the completion of the construction projects. The financial strength of the District is in a transition phase with lower revenues and increasing bond payments, causing a 2.2% solvency ratio.

## Business Type Activities

Revenues of the District's business-type activities were \$896,721 and expenses were \$940,082. The Nutrition Fund comprises the primary business-type activity for the District. Revenues included \$497,855 in charges for services, \$397,942 in state and federal grants, and \$924 in interest on investments.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As previously noted, the Oskaloosa Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District's Governmental Fund balances decreased a total of \$936,808 over the previous fiscal year. The individual fund balance changes were as follows:

|                  | <b>Beginning<br/>Balance</b> | <b>Increase</b> | <b>Ending<br/>Balance</b> |
|------------------|------------------------------|-----------------|---------------------------|
| General Fund     | \$ 1,718,313                 | (1,265,897)     | 452,416                   |
| Debt Service     | 39,623                       | (39,623)        | -                         |
| Capital Projects | 4,748,147                    | (346,564)       | 4,401,583                 |
| Non-major Funds  | (253,397)                    | 715,276         | 461,879                   |

The total receipts for the governmental and proprietary funds were greater than budgeted amounts due to unexpected funds from local sources, specifically sales tax revenues. Actual expenditures were greater than budgeted amounts due to increase in salaries and benefits, and costs associated with special education students.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. This is referred to as the certified budget. It may be amended during the year utilizing similar statutorily prescribed procedures. The District's certified budget is prepared on an accrual basis in accordance with generally accepted accounting principles. During the 2007 fiscal year, the District amended its budget once to reflect increased expenditure estimates in three of the four budget categories.

### CAPITAL ASSET AND DEBT ADMINISTRATION

By the end of the 2007 fiscal year, the District had invested in a broad range of capital assets including land, buildings, athletic facilities, computers and audio-visual equipment, transportation equipment, and administrative offices.

Figure A-6 shows total investment in capital assets net of accumulated depreciation.

| <b>Figure A-6</b>                          |                     |               |                      |             |                 |               |                  |
|--|---------------------|---------------|----------------------|-------------|-----------------|---------------|------------------|
| <b>Capital Assets, net of Depreciation</b> |                     |               |                      |             |                 |               |                  |
| <b>(Expressed in Thousands)</b>            |                     |               |                      |             |                 |               |                  |
|  | <u>Governmental</u> |               | <u>Business type</u> |             | <u>Total</u>    |               | <u>Total</u>     |
|  | <u>Activities</u>   |               | <u>Activities</u>    |             | <u>District</u> |               | <u>Change</u>    |
|  | <u>June 30,</u>     |               | <u>June 30,</u>      |             | <u>June 30,</u> |               | <u>June 30,</u>  |
|  | <u>2007</u>         | <u>2006</u>   | <u>2007</u>          | <u>2006</u> | <u>2007</u>     | <u>2006</u>   | <u>2006-2007</u> |
| Land                                       | \$ 360              | 360           | -                    | -           | 360             | 360           | 0.0%             |
| Construction in progress                   | -                   | -             | -                    | -           | -               | -             | -                |
| Buildings                                  | 28,655              | 29,278        | -                    | -           | 28,655          | 29,278        | -2.1%            |
| Improvements other than buildings          | 26                  | 34            | -                    | -           | 26              | 34            | -23.5%           |
| Furniture and equipment                    | 1,245               | 1,375         | 234                  | 263         | 1,479           | 1,638         | -9.7%            |
| Totals                                     | <u>\$ 30,286</u>    | <u>31,047</u> | <u>234</u>           | <u>263</u>  | <u>30,520</u>   | <u>31,310</u> | <u>-2.5%</u>     |

### Long-Term Debt

Figure A-7 outlines the composition of the total long-term debt amount of \$18,600,000 for the District as of June 30, 2007.

During fiscal year 2002, the District's voters approved the issuance of local option sales and services tax revenue bonds not to exceed \$20,000,000.

| <b>Figure A-7</b>                        |                  |               |                  |
|--|------------------|---------------|------------------|
| <b>Outstanding Long-Term Obligations</b> |                  |               |                  |
| <b>(Expressed in Thousands)</b>          |                  |               |                  |
|  | <u>Total</u>     |               | <u>Total</u>     |
|  | <u>District</u>  |               | <u>Change</u>    |
|  | <u>June 30,</u>  |               | <u>June 30,</u>  |
|  | <u>2007</u>      | <u>2006</u>   | <u>2006-2007</u> |
| School infrastructure                    |                  |               |                  |
| revenue bonds payable                    | \$ 6,445         | 7,280         | -11.5%           |
| Revenue bonds payable                    | 10,155           | 10,905        | -6.9%            |
| Capital notes payable                    | 1,730            | 1,940         | -10.8%           |
| Compensated absences                     | 49               | 50            | -2.0%            |
| Early retirement                         | 221              | 225           | -1.8%            |
| Totals                                   | <u>\$ 18,600</u> | <u>20,400</u> | <u>-8.8%</u>     |

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

A substantial part of the general fund revenues are determined by the Aid and Levy Worksheet that utilizes the District's certified enrollment to establish the combined district cost. The certified enrollment determined in October of 2007 indicated a decrease of ten students. The District's Administration will continue to monitor student enrollment as they relate to the state and federal funding generated.

A substantial part of the general fund expenditures are wages and benefits. A majority of the district's employees are covered by State-mandated collective bargaining agreements. The final step in the negotiation process is binding arbitration. If the negotiation process progresses to this level, the outcome may produce wages and benefits in excess of available funding. If this happens, administration will be forced to reduce the expenditure budget with cuts in staff.

## **CONTACTS**

For information regarding this report, contact Chad M. Vink, Board Secretary, Oskaloosa Community School District, 1800 North 3<sup>rd</sup> Street, Oskaloosa, Iowa 52757; Telephone 641-673-8345.

**OSKALOOSA COMMUNITY SCHOOL DISTRICT**

## **Basic Financial Statements**



OSKALOOSA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
June 30, 2007

|   | Governmental<br>Activities | Business Type<br>Activities | Total             |
|---|----------------------------|-----------------------------|-------------------|
| <b>Assets</b>                                   |                            |                             |                   |
| Cash and cash equivalents:                      | \$ 7,028,506               | 32,205                      | 7,060,711         |
| Receivables:                                    |                            |                             |                   |
| Property tax:                                   |                            |                             |                   |
| Delinquent                                      | 109,002                    | -                           | 109,002           |
| Succeeding year                                 | 7,276,771                  | -                           | 7,276,771         |
| Accounts  | 85,197                     | -                           | 85,197            |
| Due from other funds                            | 100,000                    | -                           | 100,000           |
| Due from other governments                      | 342,476                    | -                           | 342,476           |
| Inventories                                     | -                          | 5,699                       | 5,699             |
| Capital assets, net of accumulated depreciation | 30,285,663                 | 234,117                     | 30,519,780        |
| <b>Total assets</b>                             | <b>45,227,615</b>          | <b>272,021</b>              | <b>45,499,636</b> |
| <b>Liabilities</b>                              |                            |                             |                   |
| Accounts payable                                | 170,328                    | 3,409                       | 173,737           |
| Salaries and benefits payable                   | 1,982,467                  | -                           | 1,982,467         |
| Due to other funds                              | -                          | 100,000                     | 100,000           |
| Other payables                                  | 16,910                     | -                           | 16,910            |
| Accrued interest payable                        | 337,487                    | -                           | 337,487           |
| Deferred revenue:                               |                            |                             |                   |
| Succeeding year property tax                    | 7,276,771                  | -                           | 7,276,771         |
| Other   | 40,059                     | -                           | 40,059            |
| Long-term liabilities:                          |                            |                             |                   |
| Portion due within one year:                    |                            |                             |                   |
| School infrastructure revenue bonds payable     | 1,810,000                  | -                           | 1,810,000         |
| Revenue bonds payable                           | 1,755,000                  | -                           | 1,755,000         |
| Capital notes payable                           | 220,000                    | -                           | 220,000           |
| Compensated absences                            | 49,558                     | -                           | 49,558            |
| Early retirement                                | 89,981                     | -                           | 89,981            |
| Portion due after one year:                     |                            |                             |                   |
| School infrastructure revenue bonds payable     | 4,635,000                  | -                           | 4,635,000         |
| Revenue bonds payable                           | 8,400,000                  | -                           | 8,400,000         |
| Capital notes payable                           | 1,510,000                  | -                           | 1,510,000         |
| Early retirement                                | 130,820                    | -                           | 130,820           |
| <b>Total liabilities</b>                        | <b>28,424,381</b>          | <b>103,409</b>              | <b>28,527,790</b> |
| <b>Net assets</b>                               |                            |                             |                   |
| Invested in capital assets, net of related debt | 16,358,246                 | 243,117                     | 16,601,363        |
| Restricted for:                                 |                            |                             |                   |
| Other special revenue purposes                  | 520,431                    | -                           | 520,431           |
| State grants                                    | 21,364                     | -                           | 21,364            |
| Unrestricted                                    | (96,807)                   | (74,505)                    | (171,312)         |
| <b>Total net assets</b>                         | <b>\$ 16,803,234</b>       | <b>168,612</b>              | <b>16,971,846</b> |

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2007

|                                    | Program Revenues     |                     |   |
|------------------------------------|----------------------|---------------------|---|
|                                    | Expenses             | Charges for Service | Operating Grants, Contributions and Restricted Interest |
| <b>Functions/Programs</b>          |                      |                     |   |
| Governmental activities:           |                      |                     |   |
| Instruction:                       |                      |                     |   |
| Regular                            | \$ 9,981,365         | 390,717             | 868,463   |
| Special                            | 3,070,989            | 53,411              | 688,668   |
| Other                              | 1,124,062            | 661,845             | 46,480  |
|                                    | <u>14,176,416</u>    | <u>1,105,973</u>    | <u>1,603,611</u>  |
| Support Services:                  |                      |                     |   |
| Student                            | 1,054,735            | -                   | -   |
| Instructional staff                | 709,316              | -                   | -   |
| Administration                     | 1,915,375            | -                   | -   |
| Operation and maintenance of plant | 2,360,247            | -                   | -   |
| Transportation                     | 842,849              | 20,718              | 52,693  |
|                                    | <u>6,882,522</u>     | <u>20,718</u>       | <u>52,693</u>   |
| Other expenditures:                |                      |                     |   |
| Facilities acquisition             | 89,803               | -                   | -   |
| Long-term debt interest            | 759,413              | -                   | -   |
| AEA flowthrough                    | 751,761              | -                   | 751,761   |
| Depreciation (unallocated)*        | 630,794              | -                   | -   |
|                                    | <u>2,231,771</u>     | <u>-</u>            | <u>751,761</u>  |
| Total governmental activities      | 23,290,709           | 1,126,691           | 2,408,065   |
| Business type activities:          |                      |                     |   |
| Non-instructional programs:        |                      |                     |   |
| Nutrition services                 | 940,082              | 497,855             | 397,942   |
|                                    | <u>940,082</u>       | <u>497,855</u>      | <u>397,942</u>  |
| Total primary government           | <u>\$ 24,230,791</u> | <u>1,624,546</u>    | <u>2,806,007</u>  |

# Exhibit B

| <u>Net (Expense) Revenue and Changes in Net Assets</u> |                             |              |
|--|-----------------------------|--------------|
| Governmental<br>Activities                             | Business type<br>Activities | Total        |
| (8,722,185)  | -                           | (8,722,185)  |
| (2,328,910)  | -                           | (2,328,910)  |
| (415,737)  | -                           | (415,737)    |
| (11,466,832)   | -                           | (11,466,832) |
| (1,054,735)  | -                           | (1,054,735)  |
| (709,316)  | -                           | (709,316)    |
| (1,915,375)  | -                           | (1,915,375)  |
| (2,360,247)  | -                           | (2,360,247)  |
| (769,438)  | -                           | (769,438)    |
| (6,809,111)  | -                           | (6,809,111)  |
| (89,803)   | -                           | (89,803)     |
| (759,413)  | -                           | (759,413)    |
| -  | -                           | -            |
| (630,794)  | -                           | (630,794)    |
| (1,480,010)  | -                           | (1,480,010)  |
| (19,755,953)   | -                           | (19,755,953) |
| -  | (44,285)                    | (44,285)     |
| -  | (44,285)                    | (44,285)     |
| (19,755,953)   | (44,285)                    | (19,800,238) |

Exhibit B

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2007

|  | Program Revenues |                     |   |
|--|------------------|---------------------|---|
|  | Expenses         | Charges for Service | Operating Grants, Contributions and Restricted Interest |
| Totals continued from previous pages         | \$ 24,230,791    | 1,624,546           | 2,806,007   |
| General Revenues:                            |                  |                     |   |
| Property tax levied for:                     |                  |                     |   |
| General purposes                             |                  |                     |   |
| Capital outlay                               |                  |                     |   |
| Local option sales and services tax          |                  |                     |   |
| Unrestricted state grants                    |                  |                     |   |
| Unrestricted investment earnings             |                  |                     |   |
| Other  |                  |                     |   |
| Gifts to Oskaloosa Community School District |                  |                     |   |
| Gain (loss) on sale of assets                |                  |                     |   |
| Total general revenues                       |                  |                     |   |
| Change in net assets                         |                  |                     |   |
| Net assets beginning of year                 |                  |                     |   |
| Net assets end of year                       |                  |                     |   |

\* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

Exhibit B

| <u>Net (Expense) Revenue and Changes in Net Assets</u> |                             |              |
|--|-----------------------------|--------------|
| Governmental<br>Activities                             | Business type<br>Activities | Total        |
| (19,755,953)   | (44,285)                    | (19,800,238) |
| 6,796,062  | -                           | 6,796,062    |
| 451,398  | -                           | 451,398      |
| 2,470,320  | -                           | 2,470,320    |
| 9,638,293  | -                           | 9,638,293    |
| 198,063  | 924                         | 198,987      |
| 341,513  | -                           | 341,513      |
| 43,288   | -                           | 43,288       |
| 810  | -                           | 810          |
| 19,939,747   | 924                         | 19,940,671   |
| 183,794  | (43,361)                    | 140,433      |
| 16,619,440   | 211,973                     | 16,831,413   |
| \$ 16,803,234  | 168,612                     | 16,971,846   |

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2007

|  | General             | Capital<br>Projects | Debt<br>Service | Non-major<br>Special<br>Revenue | Total             |
|--|---------------------|---------------------|-----------------|---------------------------------|-------------------|
| <b>Assets</b>                              |                     |                     |                 |                                 |                   |
| Cash and pooled investments:               | \$ 1,925,608        | 3,961,424           | -               | 1,141,474                       | 7,028,506         |
| Receivables:                               |                     |                     |                 |                                 |                   |
| Property tax:                              |                     |                     |                 |                                 |                   |
| Delinquent                                 | 96,934              | -                   | -               | 12,068                          | 109,002           |
| Succeeding year                            | 6,475,875           | -                   | -               | 800,896                         | 7,276,771         |
| Accounts                                   | 81,473              | 3,724               | -               | -                               | 85,197            |
| Due from other funds                       | 368,309             | 319,824             | -               | -                               | 688,133           |
| Due from other governments                 | 225,865             | 116,611             | -               | -                               | 342,476           |
| <b>Total assets</b>                        | <b>\$ 9,174,064</b> | <b>4,401,583</b>    | <b>-</b>        | <b>1,954,438</b>                | <b>15,530,085</b> |
| <b>Liabilities and Fund Balances</b>       |                     |                     |                 |                                 |                   |
| Liabilities:                               |                     |                     |                 |                                 |                   |
| Accounts payable                           | \$ 156,779          | -                   | -               | 13,549                          | 170,328           |
| Salaries and benefits payable              | 1,982,467           | -                   | -               | -                               | 1,982,467         |
| Compensated absences                       | 49,558              | -                   | -               | -                               | 49,558            |
| Early retirement payable                   | -                   | -                   | -               | 89,981                          | 89,981            |
| Due to other funds                         | -                   | -                   | -               | 588,133                         | 588,133           |
| Other payables                             | 16,910              | -                   | -               | -                               | 16,910            |
| Deferred revenue:                          |                     |                     |                 |                                 |                   |
| Succeeding year property tax               | 6,475,875           | -                   | -               | 800,896                         | 7,276,771         |
| Other                                      | 40,059              | -                   | -               | -                               | 40,059            |
| Total liabilities                          | 8,721,648           | -                   | -               | 1,492,559                       | 10,214,207        |
| Fund balances:                             |                     |                     |                 |                                 |                   |
| Reserved for state grants                  | 21,364              | -                   | -               | -                               | 21,364            |
| Unreserved                                 | 431,052             | 4,401,583           | -               | 461,879                         | 5,294,514         |
| Total fund balances                        | 452,416             | 4,401,583           | -               | 461,879                         | 5,315,878         |
| <b>Total liabilities and fund balances</b> | <b>\$ 9,174,064</b> | <b>4,401,583</b>    | <b>-</b>        | <b>1,954,438</b>                | <b>15,530,085</b> |

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
June 30, 2007

**Total fund balances of governmental funds (Exhibit C)** \$ 5,315,878

***Amounts reported for governmental activities in the  
statement of net assets are different because:***

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported as assets in the  
governmental funds. 30,285,663

Accrued interest payable on long-term liabilities is not due and  
payable in the current period and, therefore, is not reported as a  
liability in the governmental funds. (337,487)

Long-term liabilities, including bonds payable and early  
retirement, are not due and payable in the current period and,  
therefore, are not reported as liabilities in the governmental  
funds. (18,460,820)

**Net assets of governmental activities (Exhibit A)** \$ 16,803,234

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year ended June 30, 2007

|  | General      | Capital<br>Projects | Debt<br>Service | Non-major<br>Governmental<br>Funds | Total      |
|--|--------------|---------------------|-----------------|------------------------------------|------------|
| Revenues:  |              |                     |                 |                                    |            |
| Local sources:   |              |                     |                 |                                    |            |
| Local tax  | \$ 6,446,451 | 2,470,320           | -               | 801,009                            | 9,717,780  |
| Tuition  | 370,602      | -                   | -               | -                                  | 370,602    |
| Other  | 458,673      | 31,992              | -               | 843,244                            | 1,333,909  |
| State sources  | 11,329,605   | -                   | -               | 559                                | 11,330,164 |
| Federal sources  | 721,238      | -                   | -               | -                                  | 721,238    |
| Total revenues   | 19,326,569   | 2,502,312           | -               | 1,644,812                          | 23,473,693 |
| Expenditures:  |              |                     |                 |                                    |            |
| Current:   |              |                     |                 |                                    |            |
| Instruction:   |              |                     |                 |                                    |            |
| Regular  | 9,750,565    | -                   | -               | 117,681                            | 9,868,246  |
| Special  | 3,020,880    | -                   | -               | -                                  | 3,020,880  |
| Other  | 566,357      | -                   | -               | 557,705                            | 1,124,062  |
|  | 13,337,802   | -                   | -               | 675,386                            | 14,013,188 |
| Support services:  |              |                     |                 |                                    |            |
| Student  | 1,054,735    | -                   | -               | -                                  | 1,054,735  |
| Instructional staff  | 709,316      | -                   | -               | -                                  | 709,316    |
| Administration   | 1,875,458    | 8,950               | -               | -                                  | 1,884,408  |
| Operation and maintenance of plant                           | 2,097,886    | -                   | -               | 259,951                            | 2,357,837  |
| Transportation   | 766,318      | -                   | -               | 99,843                             | 866,161    |
|  | 6,503,713    | 8,950               | -               | 359,794                            | 6,872,457  |
| Other expenditures:  |              |                     |                 |                                    |            |
| Facilities acquisition                                       | -            | 142,927             | -               | 40,464                             | 183,391    |
| Long-term debt:  |              |                     |                 |                                    |            |
| Principal  | -            | -                   | 1,795,000       | -                                  | 1,795,000  |
| Interest and fiscal charges                                  | -            | -                   | 795,514         | -                                  | 795,514    |
| AEA flowthrough  | 751,761      | -                   | -               | -                                  | 751,761    |
|  | 751,761      | 142,927             | 2,590,514       | 40,464                             | 3,525,666  |
| Total expenditures   | 20,593,276   | 151,877             | 2,590,514       | 1,075,644                          | 24,411,311 |
| Excess (deficiency) of revenues over<br>(under) expenditures | (1,266,707)  | 2,350,435           | (2,590,514)     | 569,168                            | (937,618)  |
| Other financing sources (uses):                              |              |                     |                 |                                    |            |
| Operating transfers in (out)                                 | -            | (2,696,999)         | 2,550,891       | 146,108                            | -          |
| Sale of equipment  | 810          | -                   | -               | -                                  | 810        |
| Total other financing sources (uses)                         | 810          | (2,696,999)         | 2,550,891       | 146,108                            | 810        |
| Net change in fund balances                                  | (1,265,897)  | (346,564)           | (39,623)        | 715,276                            | (936,808)  |
| Fund balances beginning of year                              | 1,718,313    | 4,748,147           | 39,623          | (253,397)                          | 6,252,686  |
| Fund balances end of year                                    | \$ 452,416   | 4,401,583           | -               | 461,879                            | 5,315,878  |

See notes to financial statements.



OSKALOOSA COMMUNITY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF ACTIVITIES  
 Year ended June 30, 2007

**Net change in fund balances - total governmental funds (Exhibit E)** **\$ (936,808)**

***Amounts reported for governmental activities in the  
 statement of activities are different because:***

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

|                      |                  |           |
|----------------------|------------------|-----------|
| Capital outlays      | \$ 227,899       |           |
| Depreciation expense | <u>(988,838)</u> | (760,939) |

|   |           |
|---|-----------|
| Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. | 1,795,000 |
|---|-----------|

|  |        |
|--|--------|
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. | 36,101 |
|--|--------|

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

|                          |            |               |
|--------------------------|------------|---------------|
| Lease purchase agreement | -          |               |
| Compensated absences     | 49,659     |               |
| Early retirement         | <u>781</u> | <u>50,440</u> |

|  |                          |
|--|--------------------------|
| <b>Change in net assets of governmental activities (Exhibit B)</b> | <b><u>\$ 183,794</u></b> |
|--|--------------------------|

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
June 30, 2007

|   | Non-Major<br>Enterprise<br>Fund |
|---|---------------------------------|
| <b>Assets</b>                                   |                                 |
| Current assets:                                 |                                 |
| Cash and investments                            | \$ 32,205                       |
| Inventories                                     | 5,699                           |
| Capital assets, net of accumulated depreciation | 234,117                         |
| Total assets                                    | <u>272,021</u>                  |
| <b>Liabilities</b>                              |                                 |
| Current liabilities:                            |                                 |
| Accounts payable                                | 3,409                           |
| Due to other funds                              | 100,000                         |
| <b>Total current liabilities</b>                | <u>103,409</u>                  |
| <b>Net Assets</b>                               |                                 |
| Invested in capital assets, net of related debt | 243,117                         |
| Unrestricted                                    | <u>(74,505)</u>                 |
| <b>Total net assets</b>                         | <u><u>\$ 168,612</u></u>        |

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
Year ended June 30, 2007

|                              | <u>Non-Major<br/>Enterprise<br/>Fund</u> |
|------------------------------|--|
| Operating revenue:           |  |
| Local sources:               |  |
| Charges for services         | <u>\$ 497,855</u>                        |
| Operating expenses:          |  |
| Non-instructional programs:  |  |
| Food service operations:     |  |
| Salaries                     | 279,999                                  |
| Benefits                     | 123,842                                  |
| Purchased services           | 4,150                                    |
| Supplies                     | 503,655                                  |
| Depreciation                 | 28,436                                   |
| Total operating expenses     | <u>940,082</u>                           |
| Operating loss               | <u>(442,227)</u>                         |
| Non-operating revenue:       |  |
| Local sources                | 924                                      |
| State sources                | 9,715                                    |
| Federal sources              | 388,227                                  |
| Total non-operating revenue  | <u>398,866</u>                           |
| Change in net assets         | (43,361)                                 |
| Net assets beginning of year | <u>211,973</u>                           |
| Net assets end of year       | <u><u>\$ 168,612</u></u>                 |

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year ended June 30, 2007

|   | Non-Major<br>Enterprise<br>Fund |
|---|---------------------------------|
| Cash flows from operating activities:   |                                 |
| Cash received from sale of lunches and breakfasts   | \$ 497,855                      |
| Cash payments to employees for services   | (403,841)                       |
| Cash payments to suppliers for goods or services  | (473,484)                       |
| Net cash used by operating activities   | <u>(379,470)</u>                |
| Cash flows from non-capital financing activities:   |                                 |
| State grants received   | 9,715                           |
| Federal grants received   | 361,200                         |
| Net cash provided by non-capital financing activities   | <u>370,915</u>                  |
| Cash flows from investing activities:   |                                 |
| Interfund loan  | 30,000                          |
| Interest on investments   | 974                             |
| Net cash provided by investing activities   | <u>30,974</u>                   |
| Net increase in cash and cash equivalents   | 22,419                          |
| Cash and cash equivalents at beginning of year  | <u>9,786</u>                    |
| Cash and cash equivalents at end of year  | <u><u>\$ 32,205</u></u>         |
| <b>Reconciliation of operating loss to net cash<br/>used by operating activities:</b>                                     |                                 |
| Operating loss  | \$ (442,227)                    |
| Adjustments to reconcile operating loss to<br>net cash used by operating activities:                                      |                                 |
| Commodities used  | 27,027                          |
| Depreciation  | 28,436                          |
| Decrease in inventories   | 3,974                           |
| Increase in accounts payable  | 3,320                           |
| Net cash used by operating activities   | <u><u>\$ (379,470)</u></u>      |
| <b>Reconciliation of cash and cash equivalents at year end to<br/>specific assets included on Combined Balance Sheet:</b> |                                 |
| Current assets:   |                                 |
| Cash  | \$ 32,205                       |
| Cash and cash equivalents at year end   | <u><u>\$ 32,205</u></u>         |

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2007, the District received federal commodities valued at \$27,027.

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
June 30, 2007

|                      | Private Purpose<br>Trust<br>Athletic<br>Endowment |
|----------------------|---|
| <b>Assets</b>        |   |
| Cash and investments | \$ 2,016  |
| <b>Total assets</b>  | 2,016   |
| <b>Net assets</b>    | \$ 2,016  |

See notes to financial statements.

Exhibit K

DAVIS COUNTY COMMUNITY SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
Year ended June 30, 2007

|                              | Private Purpose<br>Trust<br>Athletic<br>Endowment |
|------------------------------|---|
| Additions:                   |   |
| Local sources:               |   |
| Interest on investments      | \$ 13   |
| Change in net assets         | 13  |
| Net assets beginning of year | 2,003   |
| Net assets end of year       | \$ 2,016  |

See notes to financial statements.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(1) **Summary of Significant Accounting Policies**

Oskaloosa Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Oskaloosa, Iowa and the predominate agricultural territory in Mahaska county. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Oskaloosa Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Oskaloosa Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Mahaska County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

## OSKALOOSA COMMUNITY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS June 30, 2007

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund is the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through athletic endowments.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.



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Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

# OSKALOOSA COMMUNITY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS June 30, 2007

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2005 assessed property valuations; is for the tax accrual period July 1, 2006 through June 30, 2007 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2006.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| <u>Asset Class</u>                | <u>Amount</u> |
|-----------------------------------|---------------|
| Land                              | \$ 1,000      |
| Buildings                         | 1,000         |
| Improvements other than buildings | 1,000         |
| Furniture and equipment:          |               |
| School Nutrition Fund equipment   | 500           |
| Other furniture and equipment     | 1,000         |

Capital assets are depreciated using the straight line method over the following estimated useful lives:

| <u>Asset Class</u>                | <u>Estimated<br/>Useful Lives<br/>(In Years)</u> |
|-----------------------------------|--|
| Buildings                         | 45 years   |
| Improvements other than buildings | 20-50 years                                      |
| Furniture and equipment           | 5-15 years                                       |

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2007

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2007. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements in the instruction and non-instructional functional areas exceeded the amounts budgeted.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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NOTES TO FINANCIAL STATEMENTS  
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At June 30, 2007, the District had investments as follows:

|  | Total               |
|--|---------------------|
| MBIA Money Market Fund                                   | \$ 1,796,500        |
| Goldman Sachs Financial Square Treasury Obligations Fund | 1,273,484           |
| United States Treasury Notes                             | 205,069             |
|  | <u>\$ 3,275,053</u> |

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk. The investments MBIA Money Market Fund and Goldman Sachs Financial Square Treasury Obligations Fund were all rated Aaa by Moody's Investors Service. The investment in the MBIA Money Market Fund is also rated AAA by Standard and Poor's Investor's Service. The investment in the United States treasury notes is not subject to credit risk rating.

**(3) Interfund Receivables/Payables**

The amounts of interfund receivables and payables are as follows:

| Receivable Fund  | Payable Fund                      | Amount            |
|------------------|-----------------------------------|-------------------|
| General          | Special Revenue, Management Fund  | \$ 268,309        |
| Capital Projects | Physical Plant and Equipment Levy | 319,824           |
| General          | Enterprise, School Nutrition      | 100,000           |
|                  |                                   | <u>\$ 688,133</u> |

**(4) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2007 is as follows:

| Transfer to  | Transfer from                                      | Amount              |
|--|--|---------------------|
| Debt Service                                       | Capital Projects                                   | \$ 2,298,717        |
|  | Special Revenue, Physical Plant and Equipment Levy | 252,174             |
| Special Revenue, Physical Plant and Equipment Levy | Capital Projects                                   | 398,282             |
|  |  | <u>\$ 2,949,173</u> |

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2007

(5) **Capital Assets**

Capital assets activity for the year ended June 30, 2007 was as follows:

|  | Balance Beginning<br>of Year | Increases | Decreases | Balance End of<br>Year |
|--|------------------------------|-----------|-----------|------------------------|
| <b>Governmental activities:</b>                              |                              |           |           |                        |
| Capital assets not being depreciated:                        |                              |           |           |                        |
| Land   | \$ 360,229                   | -         | -         | 360,229                |
| Total capital assets not being depreciated                   | 360,229                      | -         | -         | 360,229                |
| Capital assets being depreciated:                            |                              |           |           |                        |
| Buildings  | 35,120,162                   | -         | -         | 35,120,162             |
| Improvements other than buildings                            | 297,190                      | -         | -         | 297,190                |
| Furniture and equipment                                      | 6,588,130                    | 227,899   | 12,151    | 6,803,878              |
| Total capital assets being depreciated                       | 42,005,482                   | 227,899   | 12,151    | 42,221,230             |
| Less accumulated depreciation for:                           |                              |           |           |                        |
| Buildings  | 5,842,953                    | 622,013   | -         | 6,464,966              |
| Improvements other than buildings                            | 263,179                      | 8,781     | -         | 271,960                |
| Furniture and equipment                                      | 5,212,977                    | 358,044   | 12,151    | 5,558,870              |
| Total accumulated depreciation                               | 11,319,109                   | 988,838   | 12,151    | 12,295,796             |
| Total capital assets being depreciated, net                  | 30,686,373                   | (760,939) | -         | 29,925,434             |
| Governmental activities capital assets, net                  | \$ 31,046,602                | (760,939) | -         | 30,285,663             |
| <b>Business type activities:</b>                             |                              |           |           |                        |
| Furniture and equipment                                      | \$ 341,817                   | -         | -         | 341,817                |
| Less accumulated depreciation                                | 79,264                       | 28,436    | -         | 107,700                |
| Business type activities capital assets, net                 | \$ 262,553                   | (28,436)  | -         | 234,117                |
| Depreciation expense was charged by the District as follows: |                              |           |           |                        |
| Governmental activities:                                     |                              |           |           |                        |
| Instruction:   |                              |           |           |                        |
| Regular  |                              |           |           | \$ 163,559             |
| Special  |                              |           |           | 50,109                 |
| Support services:  |                              |           |           |                        |
| Administration   |                              |           |           | 30,967                 |
| Operation and maintenance of plant                           |                              |           |           | 36,878                 |
| Transportation   |                              |           |           | 76,531                 |
|  |                              |           |           | 358,044                |
| Unallocated depreciation                                     |                              |           |           | 630,794                |
| Total governmental activities depreciation expense           |                              |           |           | \$ 988,838             |
| Business type activities:                                    |                              |           |           |                        |
| Food services  |                              |           |           | \$ 28,436              |

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2007

**(6) Long-Term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2007 are summarized as follows:

|   | Balance<br>Beginning<br>of Year | Additions     | Reductions       | Balance<br>End of<br>Year | Due<br>Within<br>One Year |
|---|---------------------------------|---------------|------------------|---------------------------|---------------------------|
| Early retirement  | \$ 225,358                      | 98,050        | 102,607          | 220,801                   | 89,981                    |
| Compensated absences  | 49,659                          | -             | 101              | 49,558                    | 49,558                    |
| Capital loan notes  | 1,940,000                       | -             | 210,000          | 1,730,000                 | 220,000                   |
| Local option sales and services<br>tax revenue bonds and<br>school infrastructure local option<br>sales and services tax revenue<br>bonds | 18,185,000                      | -             | 1,585,000        | 16,600,000                | 3,565,000                 |
|   | <u>\$ 20,400,017</u>            | <u>98,050</u> | <u>1,897,708</u> | <u>18,600,359</u>         | <u>3,924,539</u>          |

Capital Loan Notes

Details of the District's June 30, 2007 general obligation bonded indebtedness are as follows:

| Year ending<br>June 30, | Interest<br>Rates | Principal           | Interest       | Total            |
|-------------------------|-------------------|---------------------|----------------|------------------|
| 2008                    | 3.90%             | \$ 220,000          | 73,878         | 293,878          |
| 2009                    | 4.00%             | 225,000             | 65,298         | 290,298          |
| 2010                    | 4.10%             | 235,000             | 56,298         | 291,298          |
| 2011                    | 4.25%             | 245,000             | 46,662         | 291,662          |
| 2012                    | 4.40%             | 255,000             | 36,250         | 291,250          |
| 2013                    | 4.50%             | 270,000             | 25,030         | 295,030          |
| 2014                    | 4.60%             | 280,000             | 12,880         | 292,880          |
| Total                   |                   | <u>\$ 1,730,000</u> | <u>316,296</u> | <u>2,046,296</u> |

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2007

Local Option Sales and Services Tax Revenue Bonds

Details of the District's local option sales and services tax revenue bonded indebtedness are as follows:

| Issue Dated September 1, 2002<br>Series 2002A-422B |                   |           |           | Issue Dated September 1, 2002<br>Subordinate Series 2002B-422B |           |          |
|--|-------------------|-----------|-----------|--|-----------|----------|
| Year ending<br>June 30,                            | Interest<br>Rates | Principal | Interest  | Interest<br>Rates  | Principal | Interest |
| 2008   | 4.050%            | \$ -      | 144,506   | 3.750  | 155,000   | 94,328   |
| 2009   | 4.050%            | -         | 144,506   | 4.125  | 165,000   | 88,516   |
| 2010   | 4.050%            | -         | 144,506   | 4.500  | 170,000   | 81,708   |
| 2011   | 4.050%            | -         | 144,506   | 4.625  | 180,000   | 74,058   |
| 2012   | 4.050%            | -         | 144,506   | 4.750  | 190,000   | 65,734   |
| 2013   | 4.050%            | 175,000   | 144,506   | 7.875  | 205,000   | 56,708   |
| 2014   | 4.200%            | 750,000   | 129,824   | 5.000  | 210,000   | 46,716   |
| 2015   | 4.250%            | 780,000   | 98,290    | 5.000  | 225,000   | 36,216   |
| 2016   | 4.375%            | 820,000   | 64,813    | 5.150  | 235,000   | 24,966   |
| 2017   | 4.500%            | 860,000   | 28,756    | 5.250  | 245,000   | 12,862   |
|  | Subtotal          | 3,385,000 | 1,188,719 |  | 1,980,000 | 581,812  |

| Issue Dated July 1, 2003<br>Series 2003A-422B |                   |            |          | Issue Dated June 1, 2005<br>Series 2005A-423B |           |          |
|---|-------------------|------------|----------|---|-----------|----------|
| Year ending<br>June 30,                       | Interest<br>Rates | Principal  | Interest | Interest<br>Rates                             | Principal | Interest |
| 2008  | 3.000%            | \$ 615,000 | 116,900  | 4.250   | 985,000   | 41,863   |
| 2009  | 3.000%            | 630,000    | 99,138   | -   | -         | -        |
| 2010  | 3.125%            | 650,000    | 80,088   | -   | -         | -        |
| 2011  | 3.375%            | 670,000    | 59,741   | -   | -         | -        |
| 2012  | 3.500%            | 695,000    | 37,378   | -   | -         | -        |
| 2013  | 3.625%            | 545,000    | 13,006   | -   | -         | -        |
| 2014  | -                 | -          | -        | -   | -         | -        |
| 2015  | -                 | -          | -        | -   | -         | -        |
| 2016  | -                 | -          | -        | -   | -         | -        |
| 2017  | -                 | -          | -        | -   | -         | -        |
|   | Subtotal          | 3,805,000  | 406,251  |   | 985,000   | 41,863   |

| Total                   |                      |                  |
|-------------------------|----------------------|------------------|
| Year Ending<br>June 30, | Principal            | Interest         |
| 2008                    | \$ 1,755,000         | 397,597          |
| 2009                    | 795,000              | 332,160          |
| 2010                    | 820,000              | 306,302          |
| 2011                    | 850,000              | 278,305          |
| 2012                    | 885,000              | 247,618          |
| 2013                    | 925,000              | 214,220          |
| 2014                    | 960,000              | 176,540          |
| 2015                    | 1,005,000            | 134,506          |
| 2016                    | 1,055,000            | 89,779           |
| 2017                    | 1,105,000            | 41,618           |
|                         | <u>\$ 10,155,000</u> | <u>2,218,645</u> |

OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2007

School Infrastructure Local Option Sales and Services Tax Revenue Bonds

Details of the District's school infrastructure local option sales and services tax revenue bonded indebtedness are as follows:

| Issue Dated August 1, 2003<br>Series 2003B-422E |                   |            |          | Issue Dated August 1, 2003<br>Subordinate Series 2003C-422E |           |          |
|---|-------------------|------------|----------|---|-----------|----------|
| Year ending<br>June 30,                         | Interest<br>Rates | Principal  | Interest | Interest<br>Rates   | Principal | Interest |
| 2008  | 6.00-4.30%        | \$ 765,000 | 194,095  | 5.50  | 120,000   | 71,775   |
| 2009  | 4.45-4.60%        | 805,000    | 157,240  | 5.50  | 120,000   | 65,175   |
| 2010  | 4.70-4.80%        | 840,000    | 119,840  | 5.50  | 130,000   | 58,575   |
| 2011  | 4.90-5.00%        | 880,000    | 79,030   | 5.50  | 140,000   | 51,425   |
| 2012  | 5.00%             | 925,000    | 34,750   | 5.50  | 795,000   | 43,725   |
|   | Subtotal          | 4,215,000  | 584,955  |   | 1,305,000 | 290,675  |

| Issue Dated June 1, 2005<br>Series 2005A-423E |                   |            |          | Total        |          |
|---|-------------------|------------|----------|--------------|----------|
| Year ending<br>June 30,                       | Interest<br>Rates | Principal  | Interest | Principal    | Interest |
| 2008  | 4.25%             | \$ 925,000 | 39,313   | 1,810,000    | 305,183  |
| 2009  | 0.00%             | -          | -        | 925,000      | 222,415  |
| 2010  | 0.00%             | -          | -        | 970,000      | 178,415  |
| 2011  | 0.00%             | -          | -        | 1,020,000    | 130,455  |
| 2012  | 0.00%             | -          | -        | 1,720,000    | 78,475   |
|   | Subtotal          | 925,000    | 39,313   | \$ 6,445,000 | 914,943  |

The local option sales and services tax revenue bonds and school infrastructure local option sales and services tax revenue bonds were issued for the purpose of defraying a portion of the cost of school infrastructure. The bonds are payable solely from the proceeds of the local option sales and services tax revenues received by the District. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District.

The resolutions providing for the issuance of the local option sales and services tax revenue bonds and school infrastructure local option sales and services tax revenue bonds include the following provisions:

- a) \$2,129,000 of the proceeds from the issuance of the revenue bonds shall be deposited to the Reserve Account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the Sinking Account. The balance of the proceeds shall be deposited in the Project Account.
- b) All proceeds from the local option sales and services tax shall be placed in a Revenue Account.
- c) Monies in the Revenue Account shall be disbursed to make deposits into a Sinking Account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the Revenue Account after the required transfer to the Sinking Account may be transferred to the Project Account to be used for any lawful purpose.



OSKALOOSA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
June 30, 2007

**(7) Pension and Retirement Benefits**

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the District is required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007, 2006 and 2005. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were \$699,868, \$657,408, and \$624,237, respectively, equal to the required contributions for each year.

**(8) Termination Benefits**

The District offers a voluntary early retirement plan for its certified employees, administrators, nurses and directors. Eligible employees must be between ages fifty-five and sixty-five and employees must have completed twenty years of continuous service to the District or fifteen years with the District and then may add one half the years of service with another District (to a maximum of five years) to meet the twenty year requirement. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is a flat dollar lump sum payment based upon the years of service the employee had as of the retirement year. The early retiree will also be eligible for monthly insurance premium benefits up to a maximum \$150 per month. This benefit will be discontinued when the retirees have been retired for nine years, if the retiree becomes eligible for Medicare, or when the retiree reaches age 65, whichever occurs first. Early retirement benefits paid during the year ended June 30, 2007, totaled \$102,607.

**(9) Risk Management**

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$751,761 for the year ended June 30, 2007 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(11) Financial Condition**

The non-major fund Special Revenue Fund, Management Levy had a deficit undesignated, unreserved fund balance at June 30, 2007 of \$58,552. In addition, the Special Revenue Fund, Activity Fund had several individual account deficit balances.

**OSKALOOSA COMMUNITY SCHOOL DISTRICT**

### **Required Supplementary Information**

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL  
FUNDS AND PROPRIETARY FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
Year ended June 30, 2007

|  | Governmental<br>Funds -<br>Actual | Proprietary<br>Fund -<br>Actual |
|--|-----------------------------------|---------------------------------|
| Revenues:  |                                   |                                 |
| Local sources  | \$ 11,422,291                     | 498,779                         |
| State sources  | 11,330,164                        | 9,715                           |
| Federal sources  | 721,238                           | 388,227                         |
| Total revenues   | <u>23,473,693</u>                 | <u>896,721</u>                  |
| Expenditures:  |                                   |                                 |
| Instruction  | 14,013,188                        | -                               |
| Support services   | 6,872,457                         | -                               |
| Noninstructional programs  | -                                 | 940,082                         |
| Other expenditures   | 3,525,666                         | -                               |
| Total expenditures   | <u>24,411,311</u>                 | <u>940,082</u>                  |
| Excess (deficiency) of revenues over<br>(under) expenditures                             | (937,618)                         | (43,361)                        |
| Other financing sources, net   | <u>810</u>                        | <u>-</u>                        |
| Excess (deficiency) of revenues and other<br>financing sources over (under) expenditures | (936,808)                         | (43,361)                        |
| Balances beginning of year   | <u>6,252,686</u>                  | <u>211,973</u>                  |
| Balances end of year   | <u><u>\$ 5,315,878</u></u>        | <u><u>168,612</u></u>           |

See accompanying independent auditor's report.

| Total Actual | Budgeted Amounts |             | Final to Actual<br>Variance-<br>Positive<br>(Negative) |
|--------------|------------------|-------------|--|
|              | Original         | Final       |  |
| 11,921,070   | 11,865,653       | 11,865,653  | 55,417   |
| 11,339,879   | 11,205,828       | 11,205,828  | 134,051  |
| 1,109,465    | 1,010,000        | 1,010,000   | 99,465   |
| 24,370,414   | 24,081,481       | 24,081,481  | 288,933  |
| 14,013,188   | 12,779,776       | 13,669,154  | (344,034)  |
| 6,872,457    | 6,298,693        | 7,084,768   | 212,311  |
| 940,082      | 797,300          | 896,151     | (43,931)   |
| 3,525,666    | 4,112,612        | 4,112,612   | 586,946  |
| 25,351,393   | 23,988,381       | 25,762,685  | 411,292  |
| (980,979)    | 93,100           | (1,681,204) | 700,225  |
| 810          | -                | -           | 810  |
| (980,169)    | 93,100           | (1,681,204) | 701,035  |
| 6,464,659    | 6,187,869        | 6,187,869   | 276,790  |
| 5,484,490    | 6,280,969        | 4,506,665   | 977,825  |

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
Year ended June 30, 2007

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$1,774,304.

During the year ended June 30, 2007, disbursements in the instruction and non-instructional functions exceeded the amounts budgeted.

## **Other Supplementary Information**

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
June 30, 2007

|  | Special Revenue    |                     |  |                  |
|--|--------------------|---------------------|--|------------------|
|  | Management<br>Levy | Student<br>Activity | Physical<br>Plant and<br>Equipment<br>Levy | Total            |
| <b>Assets</b>                              |                    |                     |  |                  |
| Cash and pooled investments                | \$ 294,481         | 309,080             | 537,913                                    | 1,141,474        |
| Receivables:                               |                    |                     |  |                  |
| Property tax:                              |                    |                     |  |                  |
| Delinquent                                 | 5,257              | -                   | 6,811                                      | 12,068           |
| Succeeding year                            | 350,000            | -                   | 450,896                                    | 800,896          |
| <b>Total assets</b>                        | <b>\$ 649,738</b>  | <b>309,080</b>      | <b>995,620</b>                             | <b>1,954,438</b> |
| <b>Liabilities and Fund Balances</b>       |                    |                     |  |                  |
| Liabilities:                               |                    |                     |  |                  |
| Accounts payable                           | \$ -               | 13,549              | -  | 13,549           |
| Early retirement payable                   | 89,981             | -                   | -  | 89,981           |
| Due to other funds                         | 268,309            | -                   | 319,824                                    | 588,133          |
| Deferred revenue:                          |                    |                     |  |                  |
| Succeeding year property tax               | 350,000            | -                   | 450,896                                    | 800,896          |
| Total liabilities                          | <u>708,290</u>     | <u>13,549</u>       | <u>770,720</u>                             | <u>1,492,559</u> |
| Fund balances:                             |                    |                     |  |                  |
| Unreserved fund balances                   | <u>(58,552)</u>    | <u>295,531</u>      | <u>224,900</u>                             | <u>461,879</u>   |
| <b>Total liabilities and fund balances</b> | <b>\$ 649,738</b>  | <b>309,080</b>      | <b>995,620</b>                             | <b>1,954,438</b> |

See accompanying independent auditor's report.



## Schedule 2

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 Year ended June 30, 2007

|   | Special Revenue    |                     |  |           |
|---|--------------------|---------------------|--|-----------|
|   | Management<br>Levy | Student<br>Activity | Physical<br>Plant and<br>Equipment<br>Levy | Total     |
| Revenues:   |                    |                     |  |           |
| Local sources:  |                    |                     |  |           |
| Local tax   | \$ 349,611         | -                   | 451,398                                    | 801,009   |
| Other   | 148,589            | 625,136             | 69,519                                     | 843,244   |
| State sources   | 243                | -                   | 316  | 559       |
| Total revenues  | 498,443            | 625,136             | 521,233                                    | 1,644,812 |
| Expenditures:   |                    |                     |  |           |
| Current:  |                    |                     |  |           |
| Instruction:  |                    |                     |  |           |
| Regular   | 117,681            | -                   | -  | 117,681   |
| Other   | -                  | 557,705             | -  | 557,705   |
| Support Services:   |                    |                     |  |           |
| Operation and maintenance of plant                                  | 239,501            | -                   | 20,450                                     | 259,951   |
| Transportation  | -                  | -                   | 99,843                                     | 99,843    |
| Other expenditures:   |                    |                     |  |           |
| Facilities acquisition  | -                  | -                   | 40,464                                     | 40,464    |
| Total expenditures  | 357,182            | 557,705             | 160,757                                    | 1,075,644 |
| Excess of revenues over expenditures                                | 141,261            | 67,431              | 360,476                                    | 569,168   |
| Other financing sources:  |                    |                     |  |           |
| Interfund transfers in  | -                  | -                   | 146,108                                    | 146,108   |
| Total other financing sources                                       | -                  | -                   | 146,108                                    | 146,108   |
| Excess of revenues and other financing sources<br>over expenditures | 141,261            | 67,431              | 506,584                                    | 715,276   |
| Fund balance beginning of year                                      | (199,813)          | 228,100             | (281,684)                                  | (253,397) |
| Fund balance end of year  | \$ (58,552)        | 295,531             | 224,900                                    | 461,879   |

See accompanying independent auditor's report.

## OSKALOOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUNDS, STUDENT ACTIVITY ACCOUNTS  
Year ended June 30, 2007

| Account                             | Balance<br>Beginning<br>of Year | Revenues | Expendi-<br>tures | Intrafund<br>Transfers | Balance<br>End<br>of Year |
|-------------------------------------|---------------------------------|----------|-------------------|------------------------|---------------------------|
| Alternative School                  | \$ 246                          | -        | -                 | (246)                  | -                         |
| Junior High At Risk Fund Raiser     | 1,350                           | -        | -                 | -                      | 1,350                     |
| Senior High Cross Country           | 1,815                           | 627      | 2,360             | -                      | 82                        |
| Senior High Drama                   | 5,410                           | 10,572   | 13,480            | -                      | 2,502                     |
| Senior High Vocal Spec Events       | 695                             | 1,162    | 1,333             | -                      | 524                       |
| Senior High Band Spec Events        | 3,407                           | 50,781   | 41,882            | -                      | 12,306                    |
| Special Girls Track                 | 4,268                           | 2,686    | 2,423             | -                      | 4,531                     |
| Boys Basketball                     | 12,370                          | 19,872   | 15,676            | -                      | 16,566                    |
| Football                            | 13,477                          | 43,998   | 36,565            | -                      | 20,910                    |
| Boys Soccer                         | 2,038                           | 1,589    | 1,646             | -                      | 1,981                     |
| Baseball                            | 1,231                           | 7,096    | 8,482             | -                      | (155)                     |
| Boys Track                          | 2,322                           | 2,206    | 4,506             | -                      | 22                        |
| Boys Tennis                         | (628)                           | 2,682    | 1,731             | -                      | 323                       |
| Special Boys Tennis                 | -                               | 422      | 422               | -                      | -                         |
| Boys Golf                           | (50)                            | 1,511    | 394               | -                      | 1,067                     |
| Wrestling                           | 6,430                           | 6,844    | 5,450             | -                      | 7,824                     |
| Girls Basketball                    | 12,040                          | 12,988   | 8,400             | -                      | 16,628                    |
| Girls Volleyball                    | 6,627                           | 13,364   | 16,335            | -                      | 3,656                     |
| Girls Soccer                        | 105                             | 2,521    | 1,534             | -                      | 1,092                     |
| Special Girls Soccer                | -                               | 1,809    | 1,703             | -                      | 106                       |
| Girls Softball                      | 2,482                           | 8,218    | 5,424             | -                      | 5,276                     |
| Girls Track                         | (1,664)                         | 4,899    | 3,765             | -                      | (530)                     |
| Girls Tennis                        | 746                             | 1,332    | 2,287             | -                      | (209)                     |
| Special Girls Tennis                | -                               | 3,927    | 2,108             | -                      | 1,819                     |
| Girls Golf                          | 925                             | 180      | 863               | -                      | 242                       |
| Dance and Drill                     | 663                             | 4,037    | 3,813             | -                      | 887                       |
| Senior High Annual                  | 3,516                           | 12,675   | 4,034             | -                      | 12,157                    |
| Junior High Activity Tickets        | 520                             | -        | 180               | -                      | 340                       |
| Senior High Thespians               | 520                             | 11,529   | 11,617            | -                      | 432                       |
| Senior High Pep Club                | 1,772                           | 4,575    | 1,676             | -                      | 4,671                     |
| Senior High Football Calendar       | 1,333                           | 17,456   | 16,079            | -                      | 2,710                     |
| Senior High Student Council         | 5,549                           | 27,794   | 26,515            | (1,400)                | 5,428                     |
| Senior High Business Ed Part        | -                               | 12       | -                 | -                      | 12                        |
| Senior High Special Baseball        | 6,363                           | 5,102    | 2,191             | -                      | 9,274                     |
| Oskaloosa Basketball Camp           | 737                             | 5,721    | 6,171             | -                      | 287                       |
| Senior High Special Wrestling       | (126)                           | 2,960    | 1,608             | -                      | 1,226                     |
| Pepsi Rebate                        | 5,670                           | -        | -                 | -                      | 5,670                     |
| Junior High Newspaper               | 52                              | -        | -                 | -                      | 52                        |
| Middle School Orchestra             | 801                             | 1,302    | 567               | (413)                  | 1,123                     |
| Senior High Athletics               | 1,458                           | 6,800    | 5,465             | -                      | 2,793                     |
| Senior High Band Repair Spec Events | -                               | 2,500    | 2,470             | -                      | 30                        |
| Senior High Orchestra Repair        | 2,791                           | 4,774    | 5,900             | -                      | 1,665                     |
| Senior High FFA                     | 3,799                           | 15,578   | 9,274             | -                      | 10,103                    |
| Senior High Forensics               | 596                             | -        | -                 | -                      | 596                       |
| Joe Gray Penmanship Award           | 457                             | 500      | 495               | -                      | 462                       |
| Senior High The O                   | 823                             | 267      | 764               | -                      | 326                       |
| Senior High O Club                  | 10,777                          | 43,680   | 39,569            | -                      | 14,888                    |
| Sophomore Class                     | 365                             | 120      | -                 | -                      | 485                       |
| Junior Class                        | 1,415                           | 97       | 64                | -                      | 1,448                     |
| Senior Class                        | 9                               | 150      | -                 | -                      | 159                       |
| Storybook Players                   | 2,000                           | 1,243    | 776               | -                      | 2,467                     |
| Senior High World of Work           | 1,508                           | 707      | 957               | -                      | 1,258                     |
| Senior High Project Write           | 965                             | -        | -                 | -                      | 965                       |
| Senior High Special Track           | 1,753                           | 3,801    | 1,053             | -                      | 4,501                     |

## OSKALOOSA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUNDS, STUDENT ACTIVITY ACCOUNTS  
Year ended June 30, 2007

| Account                                  | Balance<br>Beginning<br>of Year | Revenues       | Expendi-<br>tures | Intrafund<br>Transfers | Balance<br>End<br>of Year |
|--|---------------------------------|----------------|-------------------|------------------------|---------------------------|
| Senior High Work Program                 | -                               | 13             | -                 | -                      | 13                        |
| Business M.O.C.                          | -                               | 78             | -                 | -                      | 78                        |
| Senior High Spec Girls Basketball        | 372                             | 1,489          | 1,709             | -                      | 152                       |
| Special Softball                         | 7,488                           | 9,206          | 14,552            | -                      | 2,142                     |
| Senior High Volleyball Camp              | 4,037                           | 15,982         | 16,017            | -                      | 4,002                     |
| Senior High Choir Robes                  | 284                             | 160            | 193               | -                      | 251                       |
| Middle School Spec Activity Fund Raiser  | 3,964                           | 33,959         | 32,785            | -                      | 5,138                     |
| Subscriptions Special Pub                | 10                              | -              | -                 | -                      | 10                        |
| Biology Field Trips                      | 24                              | -              | -                 | -                      | 24                        |
| Special Events Change                    | 642                             | 6,425          | 6,455             | -                      | 612                       |
| Junior High Special Projects             | (134)                           | -              | -                 | -                      | (134)                     |
| Interest                                 | 4,272                           | 14,705         | 3,127             | -                      | 15,850                    |
| Elementary Band                          | 974                             | 4,230          | 4,252             | -                      | 952                       |
| Middle School Science                    | 106                             | -              | -                 | -                      | 106                       |
| Middle School Band Special Event         | 3,096                           | 5,402          | 3,907             | -                      | 4,591                     |
| Middle School Band Uniforms              | 2,155                           | 3,325          | 3,157             | -                      | 2,323                     |
| Middle School Annual                     | 283                             | 2,096          | 2,157             | -                      | 222                       |
| Senior High Activity Tickets             | 175                             | 9,140          | 8,800             | -                      | 515                       |
| Senior High General Adm                  | 8,316                           | 38,903         | 26,102            | (270)                  | 20,847                    |
| Middle School Athletics                  | 3,953                           | 14,313         | 12,146            | -                      | 6,120                     |
| Middle School Student Council            | 638                             | 3,030          | 1,672             | (131)                  | 1,865                     |
| Middle School Pep Club                   | 2,551                           | -              | -                 | -                      | 2,551                     |
| Middle School Vocal Special Events       | 559                             | 263            | 103               | -                      | 719                       |
| Middle School Orchestra Special Events   | 220                             | 1,641          | 1,425             | -                      | 436                       |
| Middle School Special Events Band Repair | 110                             | -              | 132               | -                      | (22)                      |
| Senior High Home Fees                    | 2,413                           | 1,426          | 1,022             | -                      | 2,817                     |
| Athletic Adm Senior High                 | 390                             | 1,500          | 1,200             | -                      | 690                       |
| Athletic Pop Fund                        | 11,239                          | 9,301          | 6,809             | -                      | 13,731                    |
| S.E.A.K. Club                            | 21                              | -              | -                 | -                      | 21                        |
| Senior High Snack Machines               | 8,110                           | -              | 6,624             | -                      | 1,486                     |
| Senior High Pop Fund                     | 2,864                           | 12,574         | 13,946            | -                      | 1,492                     |
| Industrial Tech Module                   | 80                              | -              | -                 | -                      | 80                        |
| Band Special Fund Raiser                 | 1,890                           | -              | -                 | -                      | 1,890                     |
| OHS Store                                | 825                             | -              | -                 | -                      | 825                       |
| Student Council Sign                     | 453                             | -              | -                 | 1,400                  | 1,853                     |
| Middle School Peer Helpers               | 872                             | 5,663          | 6,497             | 544                    | 582                       |
| Senior High At Risk                      | 1,130                           | 530            | 479               | 270                    | 1,451                     |
| FFA Vending                              | 2,318                           | 12,768         | 11,335            | -                      | 3,751                     |
| Freshman Class                           | 363                             | 97             | 56                | -                      | 404                       |
| Elementary                               | 16,262                          | 24,625         | 31,027            | -                      | 9,860                     |
| Math Scholarship                         | -                               | 150            | -                 | -                      | 150                       |
| Life Skills MD Secondary                 | 929                             | -              | -                 | -                      | 929                       |
| Middle School General Adm                | 3,214                           | 12,397         | 15,160            | -                      | 451                       |
| Middle School At Risk Fund Raiser        | (1,096)                         | 4,294          | 4,087             | -                      | (889)                     |
| Dropout Prevention/Oasis Fund            | -                               | 785            | 765               | 246                    | 266                       |
|  | <u>\$ 228,100</u>               | <u>625,136</u> | <u>557,705</u>    | <u>-</u>               | <u>295,531</u>            |

See accompanying independent auditor's report.

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST SIX YEARS

|                                    | Modified Accrual Basis |                   |                   |                   |                   |                   |
|------------------------------------|------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                    | 2007                   | 2006              | 2005              | 2004              | 2003              | 2002              |
| Revenues:                          |                        |                   |                   |                   |                   |                   |
| Local sources:                     |                        |                   |                   |                   |                   |                   |
| Local tax                          | \$ 9,717,780           | 10,112,437        | 10,042,855        | 9,465,204         | 8,385,368         | 6,465,860         |
| Tuition                            | 370,602                | 299,511           | 326,404           | 444,713           | 283,540           | 279,779           |
| Other                              | 1,333,909              | 1,748,735         | 1,130,049         | 1,041,230         | 960,806           | 1,011,201         |
| Intermediate sources               | -                      | -                 | -                 | -                 | 33,700            | 4,015             |
| State sources                      | 11,330,164             | 10,877,949        | 10,495,514        | 10,315,329        | 11,309,707        | 10,346,601        |
| Federal sources                    | 721,238                | 828,890           | 861,630           | 925,182           | 636,812           | 959,834           |
| Total                              | <u>\$ 23,473,693</u>   | <u>23,867,522</u> | <u>22,856,452</u> | <u>22,191,658</u> | <u>21,609,933</u> | <u>19,067,290</u> |
| Expenditures:                      |                        |                   |                   |                   |                   |                   |
| Instruction:                       |                        |                   |                   |                   |                   |                   |
| Regular                            | \$ 9,868,246           | 8,628,916         | 8,383,117         | 8,208,263         | 8,109,955         | 8,199,175         |
| Special                            | 3,020,880              | 2,563,071         | 2,565,959         | 2,493,156         | 2,123,023         | 2,078,513         |
| Other                              | 1,124,062              | 2,042,558         | 1,466,170         | 1,554,908         | 1,538,660         | 1,477,561         |
| Support services:                  |                        |                   |                   |                   |                   |                   |
| Student                            | 1,054,735              | 1,057,412         | 969,415           | 950,767           | 914,028           | 854,094           |
| Instructional staff                | 709,316                | 705,920           | 766,037           | 450,061           | 441,450           | 492,378           |
| Administration                     | 1,884,408              | 1,928,898         | 1,589,518         | 1,454,979         | 1,536,750         | 1,501,823         |
| Operation and maintenance of plant | 2,357,837              | 2,398,119         | 1,900,009         | 1,720,436         | 1,586,826         | 1,554,724         |
| Transportation                     | 866,161                | 873,562           | 658,792           | 566,650           | 511,112           | 600,102           |
| Central support                    | -                      | -                 | -                 | 125,895           | 91,032            | -                 |
| Other expenditures:                |                        |                   |                   |                   |                   |                   |
| Facilities acquisition             | 183,391                | 1,371,806         | 6,316,892         | 14,323,925        | 7,653,437         | 1,189,916         |
| Long-term debt:                    |                        |                   |                   |                   |                   |                   |
| Principal                          | 1,795,000              | 1,615,000         | 1,315,000         | 670,000           | -                 | -                 |
| Interest and other charges         | 795,514                | 925,121           | 854,809           | 611,723           | 200,904           | -                 |
| AEA flowthrough                    | 751,761                | 709,649           | 694,480           | 703,926           | 744,979           | 746,909           |
| Total                              | <u>\$ 24,411,311</u>   | <u>24,820,032</u> | <u>27,480,198</u> | <u>33,834,689</u> | <u>25,452,156</u> | <u>18,695,195</u> |

See accompanying independent auditor's report.

## OSKALOOSA COMMUNITY SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2007

| <u>Grantor/Program</u>                                       | <u>CFDA<br/>Number</u> | <u>Grant<br/>Number</u> | <u>Expenditures</u> |
|--|------------------------|-------------------------|---------------------|
| Indirect:  |                        |                         |                     |
| U.S. Department of Agriculture:                              |                        |                         |                     |
| Iowa Department of Education:                                |                        |                         |                     |
| Food Distribution (non-cash)                                 | 10.550                 | FY 07                   | <u>\$ 27,027</u>    |
| School Nutrition Cluster Programs:                           |                        |                         |                     |
| School Breakfast Program                                     | 10.553                 | FY 07                   | 58,027              |
| National School Lunch Program                                | 10.555                 | FY 07                   | 303,172             |
|  |                        |                         | <u>361,199</u>      |
| U.S. Department of Education:                                |                        |                         |                     |
| Iowa Department of Education:                                |                        |                         |                     |
| Title I Grants to Local Educational Agencies                 | 84.010                 | FY 07                   | <u>353,698</u>      |
| Vocational Education - Basic Grants to States                | 84.048                 | FY 07                   | <u>41,952</u>       |
| Safe and Drug-Free Schools and Communities -<br>State Grants | 84.186                 | FY 07                   | <u>10,525</u>       |
| State Grants for Innovative Programs                         | 84.298                 | FY 07                   | <u>4,114</u>        |
| Improving Teacher Quality State Grants                       | 84.367                 | FY 07                   | <u>119,034</u>      |
| Grants for State Assessments and Related Activities          | 84.369                 | FY 07                   | <u>16,296</u>       |
| Advanced Placement   | 84.330                 | FY07                    | <u>53</u>           |
| Area Education Agency (AEA 11):                              |                        |                         |                     |
| Special Education - Grants to States                         | 84.027                 | FY 07                   | <u>150,945</u>      |
| Total  |                        |                         | <u>\$ 1,084,843</u> |

**Basis of Presentation** - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Oskaloosa Community School District and is presented in conformity with the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

**OSKALOOSA COMMUNITY SCHOOL DISTRICT**

**Van Maanen  
& ASSOCIATES, P.C.**

**Certified Public Accountants**

705 Main St.  
Pella, IA 50219  
641-628-3737

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

To the Board of Education of  
Oskaloosa Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Oskaloosa Community School District, Oskaloosa, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated January 7, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oskaloosa Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Oskaloosa Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We identified no deficiencies in internal control over financial reporting that we consider to be significant deficiencies and no deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Oskaloosa Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Oskaloosa Community School District's financial statements that is more than inconsequential will not be prevented or detected by Oskaloosa Community School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Oskaloosa Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oskaloosa Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2007 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Oskaloosa Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Oskaloosa Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oskaloosa Community School District and other parties to whom Oskaloosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Oskaloosa Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Van Maanen & Associates, P.C.*

Van Maanen & Associates, P.C.  
Certified Public Accountants

January 7, 2008



**Van Maanen  
& ASSOCIATES, P.C.**

**Certified Public Accountants**

705 Main St.  
Pella, IA 50219  
641-628-3737

Independent Auditor's Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Board of Education of  
Oskaloosa Community School District:

Compliance

We have audited the compliance of Oskaloosa Community School District with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. Oskaloosa Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Oskaloosa Community School District's management. Our responsibility is to express an opinion on Oskaloosa Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oskaloosa Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Oskaloosa Community School District's compliance with those requirements.

In our opinion, Oskaloosa Community School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Oskaloosa Community School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Oskaloosa Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses as defined below. We identified no deficiency in internal control over compliance that we consider to be a material weakness.

A control deficiency in the District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Oskaloosa Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the District's responses, we did not audit Oskaloosa Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Oskaloosa Community School District and other parties to whom Oskaloosa Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Van Maanen & Associates, P.C.*

Van Maanen & Associates, P.C.  
Certified Public Accountants

January 7, 2008

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2007

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unqualified opinions were issued on the financial statements.
- (b) No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - Clustered programs:
    - CFDA Number 10.553 – School Breakfast Program
    - CFDA Number 10.555 – National School Lunch Program
  - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Oskaloosa Community School District qualified as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**SIGNIFICANT DEFICIENCIES**

No matters were noted.

**Part III: Findings and Questioned Costs for Federal Awards:**

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**SIGNIFICANT DEFICIENCIES**

No matters were noted.

OSKALOOSA COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2007

**Part IV: Other Findings Related to Statutory Reporting:**

- IV-A-07 Certified Budget - Disbursements for the year ended June 30, 2007, exceeded the certified budget amount in the instructional and non-instructional functional areas.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa Before disbursements were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

- IV-B-07 Questionable Disbursements - No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

- IV-C-07 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

- IV-D-07 Business Transactions – No business transactions between the District and District officials or employees were noted.

- IV-E-07 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

- IV-F-07 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.

- IV-G-07 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

- IV-H-07 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.

- IV-I-07 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

- IV-J-07 Deficit Balances - The Special Revenue Fund, Management Levy, had a deficit balance as of June 30, 2007. The Special Revenue Fund, Student Activity had several deficit amounts as of June 30, 2007.

Recommendation - The District should continue to monitor these accounts and investigate alternatives to eliminate these deficits.

Response - We are monitoring these situations. We are currently analyzing alternatives to reverse these deficit balances. We must also note that the overall fund balance in the Student Activity Fund is positive.

Conclusion - Response accepted.